

September 15, 2011

Hon. David Carrington  
President  
Jefferson County Commission  
716 N. Richard Arrington Jr. Blvd.  
Birmingham, Alabama 35203

Re: *The Bank of New York Mellon, as Indenture Trustee v. Jefferson County, Alabama, et al.*, Circuit Court of Jefferson County, Alabama Case No. CV-2009-02318

Dear David:

Pursuant to our discussions, so long as the County and the sewer warrant holders and other creditors (the "Sewer Creditors") are pursuing a refinancing in good faith, John S. Young, Jr., LLC, in its capacity as the Receiver for the Jefferson County Sewer System (the "Receiver"), will forbear and agree to the following during the current settlement discussions:

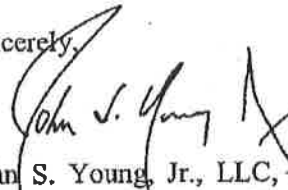
1. The Receiver will not seek a rate increase of over 8.2% on residential customers; and
2. The Receiver will not attempt to recover or attach any SEC settlement funds previously received by the County from JP Morgan or the Securities and Exchange Commission.

The Receiver's execution of the September 14, 2011 term sheet (attached hereto) and agreement to forbear beyond September 16, 2011, as expressed above is contingent upon: (1) the County Commission approving, on or before September 16, a term sheet acceptable to or executed by the significant Sewer Creditors and (2) the Receiver Order remaining in full force and effect until such time as the outstanding sewer warrants are refinanced as proposed in the term sheet the County and various sewer creditors have been negotiating. In addition, the Receiver requires that (1) the County timely produce to the Receiver the draft GUSC and other legislation described in the term sheet; (2) that the County and the Receiver reach agreement, on or before September 30, 2011, on the amount of fees for support services claimed by the County; and (3) that the County and Receiver meet and reach agreement on or before September 30, 2011, regarding a form and funding of the low-income program. Assuming the County approves a term sheet acceptable to the various sewer creditors and warrant insurers, and enters into negotiations towards a definitive agreement, and the other conditions hereof are met, the Receiver agrees to give the County ten days notice of its intent to terminate the forbearance period described herein. The Receiver and the County each reserve all other rights and claims regarding these issues and agree that all statutes of limitations, laches periods, or any other periods of time limitation related to these matters are hereby suspended, tolled, and extended. The Receiver may require further documentation to formalize this understanding.

The Receiver has previously agreed to pay certain legal fees and expenses the County has incurred. Henceforth, and contingent upon the County's approval of the term sheet on or before September 16 as described in the preceding paragraph, the Receiver will pay legal fees incurred by the County related to the IRS audit of the sewer warrants, the *Wilson* litigation, and EPA/DoJ grand jury investigations related to System operations. Additionally, and until October 15, 2011, the Receiver will pay the County's legal fees incurred to facilitate settlement negotiations with the County and the Sewer Creditors. After October 15 the Receiver will also pay legal fees incurred by the County (or the GUSC that the parties have discussed) related to a potential refinancing, but only as directed and expressly approved by the Receiver. The Receiver reserves the right to reject any bill for legal services (or any portion of any such bill) to the extent the Receiver believes the services do not fall under any of the categories described above or that the fees charged are excessive.

To the extent you have any concerns about these matters, please contact me immediately.

Sincerely,

A handwritten signature in black ink, appearing to read "John S. Young, Jr.", with a stylized flourish at the end.

John S. Young, Jr., LLC, as Receiver for the  
Jefferson County Sewer System